

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Whitehall Township	County Muskegon
Fiscal Year End 3/31/06	Opinion Date 6/7/06	Date Audit Report Submitted to State 7/5/06	

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - ☒ ☐ The local unit has adopted a budget for all required funds.
  - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  - ☒ ☐ The local unit is free of repeated comments from previous years.
  - ☒ ☐ The audit opinion is UNQUALIFIED.
  - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
  - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Hendon & Slate, P.C.		Telephone Number 231-924-6890		
Street Address 711 W. Main Street		City Fremont	State MI	Zip 49412
Authorizing CPA Signature 		Printed Name Jodi DeKuiper, CPA		License Number 110121180

**WHITEHALL TOWNSHIP  
MUSKEGON COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS**

**MARCH 31, 2006**

## WHITEHALL TOWNSHIP

### Board Members

	<u>Position</u>
Dennis Babcock	Supervisor
Dennis Atchison	Clerk
Anne Prill	Deputy Clerk
June Lydens	Treasurer
Gordon Lydens	Deputy Treasurer
David Johnson	Trustee
Tim Ryan	Trustee

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**Hendon & Slate, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



Township Board  
Whitehall Township  
Muskegon County, Michigan

### Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whitehall Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Townships' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whitehall Township, Michigan as of March 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 29 through 33, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whitehall Township, Michigan's basic financial statements. The introductory section, combining and individual non major fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Hendon & Slate*

Hendon & Slate, P.C.  
Certified Public Accountants  
June 7, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

### The Township as a Whole

The Township's total net assets remained strong, climbing from \$2,535,441 to \$2,578,250 or 1.7%. Unrestricted net assets are 256% of total expenses. This means that the Township could operate for approximately 31 months with no additional revenues. The Township anticipates using some of the net assets in the near future for the new tennis courts and trail projects as well as the water expansion project.

### Governmental Activities

The Township's total governmental revenues increased by \$17,881. Charges for services increased \$12,444 or 333% due to the sale of timber and interest increased \$3,692 or 34%. Property taxes, state shared revenue and other revenues were similar to the previous year.

Expenses increased by about \$88,000 over the prior year. This was mainly due to a large hall remodeling and addition project. This project was started during the prior fiscal year and was completed during the fiscal year ended March 31, 2006. The total cost of the improvements made to the hall during the current year amounted to \$169,594. The Township also spent \$46,668 related to determining the feasibility of a special assessment for a water expansion project.

In a condensed format, the table below shows key financial information:

	Governmental Activities	
	<u>3/31/2006</u>	<u>3/31/2005</u>
Current Assets	\$ 426,041	\$ 604,065
Noncurrent Assets	<u>541,185</u>	<u>377,733</u>
Total Assets	<u>\$ 967,226</u>	<u>\$ 981,798</u>
Current Liabilities	<u>\$ 6,524</u>	<u>\$ 21,968</u>
Net Assets		
Invested in Capital Assets-Net of Debt	\$ 541,185	\$ 377,733
Unrestricted	<u>419,517</u>	<u>582,097</u>
Total Net Assets	<u>\$ 960,702</u>	<u>\$ 959,830</u>

Management's Discussion and Analysis (Continued)

	Governmental Activities	
	<u>3/31/2006</u>	<u>3/31/2005</u>
Program Revenues		
Charges for Services	\$ 16,190	\$ 3,746
General Revenues		
Property Taxes	83,693	82,572
State Shared Revenues	113,192	113,137
Interest Income	14,600	10,908
Miscellaneous	<u>29,944</u>	<u>29,375</u>
Total Revenues	257,619	239,738
Program Expenses		
Legislative	50,681	65,575
General Government	88,810	100,130
Public Safety	24,489	41,307
Public Works	66,113	25,795
Other Functions	15,353	25,318
Unallocated Depreciation	<u>17,901</u>	<u>14,868</u>
Total Expenses	<u>263,347</u>	<u>272,993</u>
Change in Net Assets	<u>\$ (5,728)</u>	<u>\$ (33,255)</u>

In addition to the Change in Net Assets, the Township also had prior period adjustment which increased the net assets for government activities by \$6,600 (see Note H).

**Business-Type Activities**

The Township's business-type net assets grew from \$1,575,611 to \$1,617,548 during the current year. The Township experienced this increase despite operating expenses being up \$7,572 or 12.7%. This increase can be attributed to a large industrial customer leaving this system which caused usage rates to climb.

In a condensed format, the table below shows key financial information:

	Business-Type Activities	
	<u>3/31/2006</u>	<u>3/31/2005</u>
Current Assets	\$ 216,916	\$ 215,402
Noncurrent Assets	662,086	680,746
Other Assets	<u>742,091</u>	<u>685,009</u>
Total Assets	<u>\$ 1,621,093</u>	<u>\$ 1,581,157</u>
Current Liabilities	\$ 1,193	\$ 1,254
Noncurrent Liabilities	<u>2,352</u>	<u>4,292</u>
Total Liabilities	<u>\$ 3,545</u>	<u>\$ 5,546</u>



## Management's Discussion and Analysis (Continued)

Net Assets		
Invested in Capital Assets-Net of Debt	\$ 671,659	\$ 675,200
Restricted	515,945	423,124
Unrestricted	<u>429,944</u>	<u>477,287</u>
Total Net Assets	<u>\$ 1,617,548</u>	<u>\$ 1,575,611</u>
Business-Type Activities		
	<u>3/31/2006</u>	<u>3/31/2005</u>
Operating Revenues	\$ 57,747	\$ 63,022
Operating Expenses	<u>67,409</u>	<u>59,837</u>
Operating Income	(9,662)	3,185
Non Operating Revenues	29,164	34,401
Non Operating Expenses	<u>(248)</u>	<u>(258)</u>
Change in Net Assets	<u>\$ 19,254</u>	<u>\$ 37,328</u>

In addition to the Change in Net Assets, the Township also had prior period adjustment which increased the net assets for business-type activities by \$22,683 (see Note H).

### **The Township's Funds**

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds as of March 31, 2006 include the General Fund and the Sewer Fund. There are no non-major funds. We anticipate the creation of a Water Fund during the year ended March 31, 2007 to account for the activity related to a special assessment for a water expansion project.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board found it necessary to amend the budget to take into account events during the year. In the General Fund, the Board increased the Public Works budget and decreased the Contingency budget to allow for additional expenditures to determine the feasibility of a water expansion.

### **Capital Asset and Debt Administration**

At March 31, 2006, the Township had \$1,212,844 invested in a broad range of capital assets, including land, buildings, equipment, the sewer system. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads property of the Muskegon County Road Commission (along with the responsibility to maintain them).

## Management's Discussion and Analysis (Continued)

The Sewer Fund had been making debt payments on two separate refunding bond issues. During the year, the Township made its last payment on the \$23 million refunding bond issue of 1996. At March 31, 2006, the Township's portion of the outstanding balance on the \$6.99 million refunding bond issue of 200 was \$3,545. The current portion of this bond issue that will become due during the year ended March 31, 2007 is \$1,193.

### **Economic Factors and Next Year's Budgets and Rates**

The Township's General Fund budget for 2006-2007 will be similar to the 2005-2006 final amended budget. The Board also anticipates similar expenditures in the Sewer Fund during 2006-2007 as it expended during 2005-2006. The Township's budget for March 31, 2007 calls for a small increase in property taxes due to the limited allowed property value increases (the lesser of inflation or 5%). A special assessment for a water expansion project will likely create the need for a Water Fund.

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Treasurer, Whitehall Township, C/O June Lydens, 7644 Durham Road, Whitehall, MI 49461.

# WHITEHALL TOWNSHIP

## Government Wide Statement of Net Assets March 31, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 391,473	\$ 145,915	\$ 537,388
Accounts Receivable			
Usage	-	15,025	15,025
Current Special Assessment	-	37,078	37,078
Current Special Assessment Interest	-	18,898	18,898
Taxes Receivable	7,931	-	7,931
Due from Other Governments	18,740	-	18,740
Prepaid Insurance	5,409	-	5,409
Prepaid Expenses	2,488	-	2,488
	<hr/>	<hr/>	<hr/>
Total Current Assets	426,041	216,916	642,957
Noncurrent Assets			
Land	212,368	77,739	290,107
Depreciable Assets	463,170	793,119	1,256,289
Less Accumulated Depreciation	(134,353)	(208,772)	(343,125)
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	541,185	662,086	1,203,271
Other Assets			
Restricted Cash	-	515,945	515,945
Long-Term Special Assessment Receivable	-	216,573	216,573
Wastewater Facility Rights	-	14,168	14,168
Less Accumulated Amortization	-	(4,595)	(4,595)
	<hr/>	<hr/>	<hr/>
Total Other Assets	-	742,091	742,091
	<hr/>	<hr/>	<hr/>
Total Assets	967,226	1,621,093	2,588,319

The Notes to the Financial Statements are an integral part of this statement

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	4,189	-	4,189
Accrued Payroll Taxes	2,335	-	2,335
Current Portion Long-Term Debt	<u>-</u>	<u>1,193</u>	<u>1,193</u>
Total Current Liabilities	6,524	1,193	7,717
Noncurrent Liabilities			
Long-Term Debt	<u>-</u>	<u>2,352</u>	<u>2,352</u>
Total Liabilities	6,524	3,545	10,069
<b>NET ASSETS</b>			
Invested in Capital Assets			
Net of Related Debt	541,185	671,659	1,212,844
Restricted	-	515,945	515,945
Unrestricted/Undesignated	<u>419,517</u>	<u>429,944</u>	<u>849,461</u>
Total Net Assets	<u>\$ 960,702</u>	<u>\$ 1,617,548</u>	<u>\$ 2,578,250</u>

The Notes to the Financial Statements are an integral part of this statement

# WHITEHALL TOWNSHIP

## Government Wide Statement of Activities March 31, 2006

		Program Revenues	Net (Expenses) Revenue and Changes in Net Assets		
			Primary Government		
			Governmental Activities	Business-Type Activities	Total
	Expenses	Charges for Services			
<b>Primary Government</b>					
Governmental Activities:					
Legislative	\$ 50,681	\$ -	\$ (50,681)	\$ -	\$ (50,681)
General Government	88,810	16,190	(72,620)	-	(72,620)
Public Safety	24,489	-	(24,489)	-	(24,489)
Public Works	66,113	-	(66,113)	-	(66,113)
Other Functions	15,353	-	(15,353)	-	(15,353)
Unallocated Depreciation	17,901	-	(17,901)	-	(17,901)
Total Governmental Activities	263,347	16,190	(247,157)	-	(247,157)
Business-Type Activities:					
Sewer	67,657	57,747	-	(9,910)	(9,910)
<b>Total Primary Government</b>	<b>\$ 331,004</b>	<b>\$ 73,937</b>	<b>(247,157)</b>	<b>(9,910)</b>	<b>(257,067)</b>
General Revenues:					
Property Taxes			83,693	-	83,693
State Shared Revenue			113,192	-	113,192
Interest Income			14,600	29,164	43,764
Miscellaneous			29,944	-	29,944
<b>Total General Revenues</b>			<b>241,429</b>	<b>29,164</b>	<b>270,593</b>
Change in Net Assets			(5,728)	19,254	13,526
Net Assets - Beginning			959,830	1,575,611	2,535,441
Prior Period Adjustments - See Note H			6,600	22,683	29,283
Net Assets - Ending			<u>\$ 960,702</u>	<u>\$ 1,617,548</u>	<u>\$ 2,578,250</u>

The Notes to the Financial Statements are an integral part of this statement.

# WHITEHALL TOWNSHIP

## Governmental Fund Balance Sheet March 31, 2006

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 391,473
Taxes Receivable	7,931
Due from Other Governments	18,740
Prepaid Expenses	<u>2,488</u>
<b>Total Assets</b>	<b><u>\$ 420,632</u></b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 4,189
Accrued Payroll Taxes	<u>2,335</u>
<b>Total Liabilities</b>	<b>6,524</b>
<b>FUND BALANCES</b>	
Designated	48,780
Undesignated	<u>365,328</u>
<b>Total Fund Balances</b>	<b><u>414,108</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 420,632</u></b>

The Notes to the Financial Statements are an integral part of this statement.

# WHITEHALL TOWNSHIP

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Year Ended March 31, 2006

Total Governmental Fund Balances	\$	414,108
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Prepaid Insurance reflects amounts that will be used in a future period.		5,409
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	675,538
Governmental Accumulated Depreciation	<u>(134,353)</u>

Total Net Assets - Governmental Activities:	<u>\$</u>	<u>960,702</u>
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The Notes to the Financial Statements are an integral part of this statement.

# WHITEHALL TOWNSHIP

## Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance March 31, 2006

	General Fund
<b>Revenues</b>	
Property Taxes	\$ 63,305
Property Tax Administration Fee	20,125
State Shared Revenue	113,192
Penalties and Interest	263
Charges for Services	16,190
Interest	14,600
Refunds and Reimbursements	15,175
Licenses and Permits	5,975
Miscellaneous	8,794
<b>Total Revenues</b>	<b>257,619</b>
<b>Expenditures</b>	
Legislative	50,681
General Government	88,810
Public Safety	24,489
Public Works	66,113
Other Functions	20,762
Capital Outlay	174,754
<b>Total Expenditures</b>	<b>425,608</b>
Excess Revenue Over (Under) Expenditures	(167,989)
Fund Balance - Beginning	582,097
Fund Balance - Ending	<b>\$ 414,108</b>

The Notes to the Financial Statements are an integral part of this statement.



## WHITEHALL TOWNSHIP

### Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended March 31, 2006

Net Change in Fund Balances - Total Governmental Funds	\$ (167,989)
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Amounts reported for governmental activities in the statement of activities are different because:

Prepaid Insurance reflects amounts that will be used in a future period.	5,409
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The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense.

Capital outlay reported in governmental fund statements	174,754	
Depreciation expense reported in the statement of activities	<u>(17,901)</u>	<u>156,853</u>

Changes in Net Assets - Governmental Activities	<u>\$ (5,728)</u>
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The Notes to the Financial Statements are an integral part of this statement.

# WHITEHALL TOWNSHIP

## Proprietary Fund Statement of Net Assets March 31, 2006

	<u>Sewer Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 145,915
Accounts Receivable	
Usage	15,025
Current Special Assessment	37,078
Current Special Assessment Interest	<u>18,898</u>
 Total Current Assets	 216,916
 Noncurrent Assets	
Land	77,739
Sewer System and Equipment	793,119
Less Accumulated Depreciation	<u>(208,772)</u>
 Total Noncurrent Assets	 662,086
 Other Assets	
Restricted Cash	515,945
Long-Term Special Assessment Receivable	216,573
Wastewater Facility Rights	14,168
Less Accumulated Amortization	<u>(4,595)</u>
 Total Other Assets	 <u>742,091</u>
 Total Assets	 1,621,093

The Notes to the Financial Statements are an integral part of this statement

	Sewer Fund
<b>LIABILITIES</b>	
Current Liabilities	
Current Portion Long-Term Debt	1,193
Noncurrent Liabilities	
Long-Term Debt	2,352
	<hr/>
Total Liabilities	3,545
<b>NET ASSETS</b>	
Invested in Capital Assets	
Net of Related Debt	671,659
Restricted	515,945
Unrestricted	429,944
	<hr/>
Total Net Assets	<u><u>\$ 1,617,548</u></u>

The Notes to the Financial Statements are an integral part of this statement

# WHITEHALL TOWNSHIP

## Proprietary Fund Statement of Revenue, Expenses and Changes in Net Assets For the Year Ended March 31, 2006

	Sewer Fund
	<u>                    </u>
<b>Operating Revenues</b>	
Fees	\$ 57,747
	<u>                    </u>
<b>Total Revenues</b>	<b>57,747</b>
<b>Operating Expenses</b>	
Payroll Expenses	3,552
Contracted Services	30,736
Utilities	2,009
Professional Services	7,060
Repairs and Maintenance	4,904
Supplies	205
Depreciation	18,943
	<u>                    </u>
<b>Total Operating Expenses</b>	<b>67,409</b>
	<u>                    </u>
Operating Income (Loss)	(9,662)
 Non-Operating Revenue (Expense)	
Interest Income	29,164
Interest Expense	(248)
	<u>                    </u>
Total Non-Operating Revenue (Expense)	28,916
	<u>                    </u>
Income	19,254
 Net Assets - Beginning	1,575,611
 Prior Period Adjustments - See Note H	22,683
	<u>                    </u>
Fund Balance - Ending	<u><u>\$ 1,617,548</u></u>

The Notes to the Financial Statements are an integral part of this statement.

# WHITEHALL TOWNSHIP

## Proprietary Fund Statement of Cash Flows For the Year Ended March 31, 2006

	<u>Sewer Fund</u>
Cash Flows from Operating Activities	
Receipts from Customers	\$ 62,738
Payments for Employees	(3,552)
Payments to Suppliers	<u>(44,913)</u>
Net Cash Provided (Used) by Operating Activities	14,273
Cash Flows from Capital and Related Financing Activities	
Principal and Interest on Capital Debt	(1,448)
Cash Flows from Investing Activities	
Interest Income	<u>2,248</u>
Net Decrease in Cash	15,073
Cash at Beginning of Year	<u>130,842</u>
Cash at End of Year	<u><u>\$ 145,915</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (9,662)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	18,943
Change in Assets and Liabilities	
Decrease in Accounts Receivable	<u>4,992</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 14,273</u></u>
Supplemental Disclosures:	
Cash Paid for Interest	\$ 248

The Notes to the Financial Statements are an integral part of this statement.

**WHITEHALL TOWNSHIP**

Fiduciary Fund Statement of Net Assets  
March 31, 2006

	<u>Trust and Agency Fund</u>
<b>ASSETS</b>	
Cash and Investments	<u>\$     1,833</u>
<b>Total Assets</b>	<u><u>\$     1,833</u></u>
 <b>LIABILITIES AND NET ASSETS</b>	
Liabilities	
Due to Other Units	<u>\$     1,833</u>
<b>Total Liabilities</b>	<b>1,833</b>
 Net Assets	
<b>Unreserved</b>	<u>          -</u>
 <b>Total Liabilities and Net Assets</b>	<u><u>\$     1,833</u></u>

The Notes to the Financial Statements are an integral part of this statement.

## WHITEHALL TOWNSHIP

### Notes to the Financial Statements For the Year Ended March 31, 2006

#### NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Whitehall Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Whitehall Township.

##### A. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

##### B. Joint Ventures

###### White Lake Ambulance Authority

The Township is a member of White Lake Ambulance Authority, which was organized to provide emergency medical services to its member units. It is a joint venture of seven governmental units governed by a board composed of one representative of each of the respective member units. It is financed through charges to persons who use the services at rates determined by the authority with any operating deficit at year end being made up by the member units in proportion to their population determined by the last census. The Township does not report an equity interest in this joint venture in these financial statements because the Township does not have an explicit and measurable right to the joint venture's resources. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the June 30, 2005 audit report of the White Lake Ambulance Authority follows:

Notes to the Financial Statements (continued)

Assets	
Current	\$ 460,712
Noncurrent	292,311
Total Assets	<u>753,023</u>
Liabilities	
Current	21,627
Noncurrent	38,437
Total Liabilities	<u>60,064</u>
Net Assets	<u><u>\$ 692,959</u></u>
Operating Revenues	\$ 745,595
Operating Expenses	(963,593)
Non-Operating	<u>381,359</u>
Net Loss	<u><u>\$ 163,361</u></u>

Complete financial statements for White Lake Ambulance Authority may be obtained from offices at the City of Whitehall, 405 East Colby Street, Whitehall, Michigan 49461.

White Lake Fire Authority

The Township is a member of White Lake Fire Authority, which was organized to provide fire protection and rescue services for its member units. It is a joint venture of three governmental units governed by an authority board composed of representatives from each of the respective member units. The joint venture is financed through a special millage based upon taxable value of property. The Township does not report an equity interest in this joint venture in these financial statements because the Township does not have an explicit and measurable right to the joint venture's resources. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the December 31, 2005 audit report of the White Lake Fire Authority follows:

Total Assets	\$ 1,936,877
Total Liabilities	495,258
Net Assets	<u><u>\$ 1,441,619</u></u>
Operating Revenues	\$ 643,672
Operating Expenses	<u>(504,070)</u>
Net Loss	<u><u>\$ 139,602</u></u>

Complete financial statements for White Lake Fire Authority may be obtained from offices at the City of Whitehall, 405 East Colby Street, Whitehall, Michigan 49461.



C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

1. State Shared Revenue Receivable

State Shared Revenue is distributed in six installments per year. Often the last payment has not been received by March 31; therefore, a receivable is recorded for this amount. For fiscal year-end March 31, 2006, this amount was \$18,740.

2. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2005 delinquent taxes of \$7,931 were not received as of March 31, 2006 and were therefore recorded as a receivable.

The 2005 taxable valuation of the Township totaled \$55,324,450 on which ad valorem taxes levied consisted of 1.3 mills for general operating, raising \$63,305 for operating and \$20,125 for PTAF. These amounts are recognized in the general fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major governmental funds:

The Sewer Fund accounts for the operating activities of the sewer system.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary Funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to charges to customers for services. Operating expenses for the proprietary fund include the cost of operating and maintaining the sewer system . All operating revenue and expenses not meeting this criteria are reported as non-operating revenue and expenses.

E. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund based on the cash balance in each fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year end.

Fund Equity - Designations and reservations of fund balance and retained earnings represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance exist in the General Fund for amounts to be spent on building improvements and equipment. Reservations of retained earnings exist in the Sewer Fund for debt service as these assets are reserved for redemption of long-term debt.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	15 to 50 years
Building Improvements	15 to 50 years
Land Improvements	15 years
Equipment	5 to 7 years

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were materially in excess of the amounts appropriated, as follows:

NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated six banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts and CD's, bankers' acceptances of United States banks, and mutual funds under the Investment Company Act of 1940, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

The Township's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Business- Type Activities	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 391,473	\$ 661,860	\$ 1,833	\$ 1,055,166

Notes to the Financial Statements (continued)

The bank balance of the Township's deposits is \$1,705,621, of which \$415,678 is covered by federal depository insurance, and \$1,289,943 is uninsured.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes the investments in the funds comply with the investment authority noted above.

**NOTE D CAPITAL ASSETS**

Capital asset activity of the primary government of the current year was as follows:

<u>Class</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets not being depreciated				
Land	\$ 206,368	\$ 6,000	\$ -	\$ 212,368
Capital Assets being depreciated				
Buildings	97,994	145,595	-	243,589
Equipment	36,752	2,025	(1,368)	37,409
Land Improvements	154,439	27,734	-	182,173
Total at Historical Cost	289,185	175,354	(1,368)	463,171
Less Accumulated Depreciation for				
Buildings	(42,518)	(5,676)	-	(48,194)
Equipment	(21,119)	(3,692)	1,368	(23,444)
Land Improvements	(54,183)	(8,532)	-	(62,715)
Total Accumulated Depreciation	(117,821)	(17,901)	1,368	(134,353)
Total Governmental Activities				
Capital Assets - Net of Depreciation	\$ 377,732	\$ 163,453	\$ -	\$ 541,186

Notes to the Financial Statements (continued)

**Business-Type Activities**

Capital Assets being depreciated

Equipment	\$ 22,767	\$ -	\$ -	\$ 22,767
Sewer System	862,259	-	-	862,259

Total at Historical Cost	885,026	-	-	885,026
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Less Accumulated Depreciation for

Equipment	(1,897)	(3,252)	-	(5,149)
Sewer System	(192,527)	(15,690)	-	(208,217)

Total Accumulated Depreciation	(194,424)	(18,943)	-	(213,367)
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Total Business-Type Activities Capital

Assets - Net of Depreciation	\$ 690,602	\$ (18,943)	\$ -	\$ 671,659
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All Activities

Governmental	\$ 495,553	\$ 181,354	\$ (1,368)	\$ 675,539
Business-Type	885,026	-	-	885,026

Total at Historical Cost	1,380,579	181,354	(1,368)	1,560,565
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Less Accumulated Depreciation for

Governmental	(117,821)	(17,901)	1,368	(134,353)
Business-Type	(194,424)	(18,943)	-	(213,367)

Total Accumulated Depreciation	(312,245)	(36,843)	1,368	(350,456)
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All Activities Capital Assets - Net  
of Depreciation

\$ 1,068,334	\$ 144,510	\$ -	\$ 1,212,845
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Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities

Unallocated	17,901
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Business-Type Activities

Operating	18,943
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Total Depreciation	\$ 36,843
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Notes to the Financial Statements (continued)

NOTE E PENSION PLAN

The Township provides pension benefits to all of its elected officials through a defined contribution plan administered by Manufacturers Life Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate on April 1st of each year. As established by the Township Board, the plan is funded by participants to the extent they elect to defer a portion of their compensation into the plan, and by a matching contribution from the Township. The Township's contributions for each employee (plus interest allocated to the employee's account) are fully vested immediately upon deposit of the contribution by the Township. The contribution is 12% of compensation with a minimum annual contribution of \$550. The Township's current year pension cost was \$8,965. Covered payroll for the current year was \$70,812, and total payroll of the Township was \$86,592.

NOTE F LONG-TERM DEBT

Long-term debt of the Township consists of two Sewer Fund Muskegon County Wastewater Management System Bonds. Whitehall Township bears an obligation for .056% of the total bond obligations. The long-term debt is comprised of the following at March 31, 2006:

2002 Muskegon County Wastewater Management System Bonds - \$6,990,000 Refunding Bond Issue due in annual installments of \$1,340 to \$1,200 through 2009; interest payable semiannually at 5.0%. The remaining principal balance as of March 31, 2006 was \$3,545.

Debt Service requirements at March 31, 2006 were as follows:

<u>Year End March 31,</u>	2002 Refunding Bond Issue	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,193	\$ 147
2008	1,182	88
2009	<u>1,170</u>	<u>29</u>
Total	<u>\$ 3,545</u>	<u>\$ 265</u>
	<u>Balance</u>	<u>Retired &amp;</u>
	<u>4/1/2005</u>	<u>Adjustments</u>
Change in Debt	<u>\$ 5,546</u>	<u>\$ (2,001)</u>
		<u>\$ 3,545</u>

## Notes to the Financial Statements (continued)

### NOTE G RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

### NOTE H PRIOR PERIOD ADJUSTMENTS

#### Governmental Activity Adjustments Affecting Government-Wide Statements Only

The Township restated, as of March 31, 2005, the fund balance of the General Fund for an understatement of prepaid insurance, land, and equipment. The fund balance of the General Fund as of March 31, 2005 increased by \$13,492 and prepaid insurance, land, and equipment increased by \$6,892, \$6,000 and \$600 respectively. These changes do not impact the governmental type statements, but only the government-wide statements.

#### Business-Type Adjustment Affecting Government-Wide and Fund-Level Statements

The Township also restated, as of March 31, 2005, the retained earnings of the Sewer Fund for an understatement of special assessment and interest receivable as well as an overstatement of bonds payable in the prior year. The retained earnings of the Sewer Fund as of March 31, 2005 increased by \$22,683 while special assessment receivable increased by \$247, interest receivable increased by \$21,635 and bonds payable decreased by \$801. These changes impact both the business-type statements as well as the government-wide statements.

### NOTE I DESIGNATED FUND BALANCE

By Board resolution, the Township has designated a portion of its fund balance for a tennis court construction project. At March 31, 2006 the designated fund balance amounted to \$48,780.



# WHITEHALL TOWNSHIP

## Required Supplementary Information Budgetary Comparison Schedule for the General fund For the Year Ended March 31, 2006

	Budgeted Amounts			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ 582,097	\$ 582,097	\$ 582,097	\$ -
<b>Resources (Inflows)</b>				
Property Taxes	59,650	59,650	63,305	3,655
Penalties and Interest	2,500	2,500	263	(2,237)
PTAF	18,000	18,000	20,125	2,125
State Shared Revenue	112,000	112,000	113,192	1,192
Charges for Services	10,000	10,000	16,190	6,190
Interest	5,000	5,000	14,600	9,600
Refunds and Reimbursements	10,000	10,000	15,175	5,175
Licenses and Permits	5,000	5,000	5,975	975
Miscellaneous	<u>7,500</u>	<u>7,500</u>	<u>8,794</u>	<u>1,294</u>
<b>Amounts Available for Appropriation</b>	<b>811,747</b>	<b>811,747</b>	<b>839,716</b>	<b>27,969</b>
<b>Charges to Appropriations (Outflows)</b>				
Legislative	66,445	66,445	51,311	15,134
General Government	299,130	300,977	258,404	42,573
Public Safety	32,290	35,249	24,489	10,761
Public Works	42,300	83,708	70,643	13,065
Other Functions	<u>71,200</u>	<u>24,936</u>	<u>20,762</u>	<u>4,174</u>
<b>Total Charges to Appropriation</b>	<b><u>511,365</u></b>	<b><u>511,315</u></b>	<b><u>425,608</u></b>	<b><u>85,707</u></b>
<b>Budgetary Fund Balance -</b>				
<b>March 31, 2006</b>	<b><u>\$ 300,382</u></b>	<b><u>\$ 300,432</u></b>	<b><u>\$ 414,108</u></b>	<b><u>\$ 113,676</u></b>

The Notes to the Financial Statements are an integral part of this statement.

# WHITEHALL TOWNSHIP

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues</b>			
Property Taxes	\$ 59,650	\$ 63,305	\$ 3,655
Penalties and Interest	2,500	263	(2,237)
Property Tax Administration Fee	18,000	20,125	2,125
State Shared Revenue	112,000	113,192	1,192
Charges for Services	10,000	16,190	6,190
Interest	5,000	14,600	9,600
Refunds and Reimbursements	10,000	15,175	5,175
Licenses and Permits	5,000	5,975	975
Miscellaneous	<u>7,500</u>	<u>8,794</u>	<u>1,294</u>
<b>Total Revenues</b>	<b>229,650</b>	<b>257,619</b>	<b>27,969</b>
<b>Expenditures</b>			
Legislative			
Township Board			
Salaries and Wages		21,536	
Printing and Publishing		3,351	
Supplies		3,024	
Professional Services		9,701	
Miscellaneous		9,673	
Education and Training		1,876	
Transportation		1,520	
Capital Outlay		<u>630</u>	
Total Legislative	66,445	51,311	15,134
General Government			
Supervisor			
Salaries and Wages		<u>12,290</u>	
	\$ 12,290	\$ 12,290	\$ -

Statement of Revenues, Expenditures and  
Changes in fund Balance - General Fund (continued)

Elections

Salaries and Wages	\$	550	
Miscellaneous		17	
Supplies		462	
Transportation		117	
Education and Training		<u>233</u>	

\$	5,100	1,379	\$	3,721
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Clerk

Salaries and Wages - Clerk		12,050	
- Deputy		<u>4,235</u>	

16,285	16,285	-
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Treasurer

Salaries and Wages - Clerk		18,290	
- Deputy		4,235	
Office Supplies		<u>747</u>	

23,272	23,272	-
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Assessor

Supplies		987	
Professional Services		<u>10,064</u>	

11,400	11,051	349
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Township Hall and Grounds

Supplies		201	
Repairs and Maintenance		7,709	
Utilities		7,862	
Miscellaneous		1,222	
Capital Outlay		<u>169,594</u>	

212,180	186,587	25,593
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Board of Review

Salaries and Wages		970	
Printing and Publishing		<u>610</u>	

\$	1,600	\$	1,580	\$	20
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Statement of Revenues, Expenditures and  
Changes in fund Balance - General Fund (continued)

Township Playground			
Salaries and Wages		\$ 500	
Miscellaneous		<u>2,300</u>	
	\$ 3,150	2,800	\$ 350
Township Property			
Miscellaneous		<u>3,160</u>	
	<u>15,700</u>	<u>3,160</u>	<u>12,540</u>
Total General Government	300,977	258,404	42,573
Public Safety			
Planning Commission			
Salaries and Wages		2,080	
Printing and Publishing		609	
Professional Services		<u>5,274</u>	
	14,666	7,963	6,704
Zoning/Board of Appeals			
Salaries and Wages		5,956	
Supplies		10	
Transportation		555	
Miscellaneous		<u>51</u>	
	7,990	6,571	1,419
Ambulance	50	-	50
Police			
Contracted Services	12,443	9,955	2,488
Fire	50	-	50
Building Inspection	<u>50</u>	<u>-</u>	<u>50</u>
Total Public Safety	\$ 35,249	\$ 24,489	\$ 10,761

Statement of Revenues, Expenditures and  
Changes in fund Balance - General Fund (continued)

Public Works

Highways, Streets and Bridges

Contracted Services	\$ 5,000	\$ 1,118	\$ 3,882
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Street Lighting

Utilities	9,540	9,455	85
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Transfer Station	8,000	5,726	2,274
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Department of Public Works

Salaries and Wages		3,300	
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Contracted Services		43,324	
---------------------	--	--------	--

	50,668	46,624	4,043
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Blue Ribbon Committee

Salaries and Wages		600	
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Supplies		2,589	
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Capital Outlay		4,530	
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	10,500	7,719	2,781
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Total Public Works	83,708	70,643	13,065
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Other Functions

Pension		8,965	
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Payroll Taxes		4,756	
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Insurance		7,041	
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Total Other Functions	24,936	20,762	4,174
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<b>Total Expenditures</b>	<b>511,315</b>	<b>425,608</b>	<b>85,707</b>
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Excess Revenues Over

(Under) Expenditures	\$ (281,665)	(167,989)	\$ 113,676
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Fund Balance - April 1, 2005		582,097	
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Fund Balance - March 31, 2006		\$ 414,108	
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# Companies



**Hendon & Slate, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



June 30, 2006

Whitehall Township Board  
Muskegon County, Michigan

Dear Board Members:

We have recently completed an audit of the financial statements of Whitehall Township as of and for the year ended March 31, 2006. In connection with our audit, we reviewed the Township's accounting procedures. In that regard we offer the following comments and recommendations.

## **PRIOR COMMENTS**

We previously commented on the following aspects of the Township's books and records, budgeting process and need for a capitalization policy:

**Sewer Fund** - We recommended that the Clerk begin recording the transactions of the Sewer Fund in a separate company in the accounting software. We are pleased to report that the Clerk now records all of the transactions of the Sewer Fund into the accounting software. However, we do further recommend that the Clerk update the software to include all of the accounts of the Sewer Fund. Currently, only the accounts that have been needed have been added. We would like the Clerk to be able to print a complete set of financial reports at any time and this is not currently possible as the full chart of accounts has not been modified.

**Cash Balances** - We noted previously that the Clerk and Treasurer were individually each doing their own jobs related to cash, but that their cash balances did not always tie to one another. While the Clerk and Treasurer and comparing total receipts and total expenditures, they are still not ensuring that their cash balances are identical on a regular basis. Once each has obtained a copy of the bank statement and performed the appropriate reconciliations and adjustments, they must compare their ending balances and reconcile any differences that exist. If this final step is not performed, the Clerks books cannot accurately report the cash balances of the Township. We have verbally discussed this process with the Clerk and expect that this change has already been implemented.

One change that could assist the Clerk in this process would be splitting the cash balances up within the accounting software. Currently, the accounting software lists only two cash accounts, checking and savings, while the Township actually has 15 separate bank accounts. We would be happy to assist in implementing this change should the Clerk deem it helpful.

**Accounts Receivable-Sewer** - We recommended that the accounts receivable system be updated so that running balances for both the usage and special assessment receivables were maintained. While this process has been improved, it is still difficult to obtain Township-wide information as to the present balance of usage and special assessment receivable balances. We suggest that the accounting software be set up in such a manner to handle the

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record keeping and billing for the Sewer Fund. The Clerk and Treasurer should work together towards fully utilizing the billing and reporting capabilities of the accounting software. We also suggest that the Township's computer systems be adapted where needed to allow for the networking of this information so that both the Clerk and Treasurer could have access to updated information at all times without allowing one to enter transactions that are the responsibility of the other.

**Budgeting** - Certain aspects of the budgeting process were previously lacking. We can report that the Board properly adopted a budget that met all of the requirements of Michigan Public Act 621 of 1978.

**Capitalization Policy** - We previously noted that the Township lacked a capitalization policy. We were pleased to see that the Board approved such a policy during the year ended March 31, 2006. The Township will capitalize equipment that has a useful life of more than a year and a cost of \$500 or greater for GASB 34 purposes. For their own record keeping purposes, the Township will inventory all assets with a useful life more than a year.

We appreciate the courtesy extended to us during the course of the audit including the prompt attention to our inquiries. If you have any question regarding that above matters, please let me know.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jodi DeKuiper, CPA".

Jodi DeKuiper, CPA  
Hendon & Slate, P.C.